

## Message Text

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43

ACTION EB-07

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 NEA-10 ISO-00 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-04 USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04

TRSE-00 ACDA-07 IO-13 /146 W  
----- 113742

P R 131030Z AUG 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORITY 6213

INFO AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY ALGIERS

AMEMBASSY QUITO

AMEMBASSY LIBREVILLE

AMEMBASSY TEHRAN

AMEMBASSY KUWAIT

AMEMBASSY TRIPOLI

AMEMBASSY LAGOS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY ABU DHABI

AMEMBASSY CARACAS

USINT BAGHDAD

AMEMBASSY KUALA LUMPUR

AMEMBASSY SINGAPORE

OECD PARIS UNN

EC BRUSSELS 0266

AMCONSUL MEDAN

AMCONSUL SURABAYA

C O N F I D E N T I A L JAKARTA 10673

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E.O. 11652: GDS

TAGS: ENRG, ID  
SUBJECT: GOI-OIL COMPANY NEGOTIATIONS

REF : JAKARTA 10484

1. CURRENT ROUND OF NEGOTIATIONS WITH FOREIGN OIL COMPANIES OPERATING UNDER PRODUCTION-SHARING CONTRACTS CAME TO A CLOSE THIS WEEK WHEN PETROMER TREND AND ASAMERA (CANADIAN SIGNED LETTERS OF AGREEMENT WITH PERTAMINA. BOTH COMPANIES SIGNED AFTERNOON OF AUGUST 12 IN SEPARATE CEREMONIES PRESIDED OVER BY MINES MINISTER SADLI.

2. ACCORDING TO TREND OFFICIALS, COMPANY WAS ABLE TO WORK OUT AGREEMENT ON QUESTION OF PAYMENTS SCHEDULE. COMPANY WILL BEGIN MAKING PAYMENTS, BASED MAINLY ON CURENT CASH FLOW, BEGINNING SEPT. 15 AND RUNNING THROUGH END OF FEB, 1977. FINAL "BALLOON PAYMENT" ON BALANCE OF \$37 MILLION OWED GOI UNDER NEW TERMS WILL BE MADE BY MARCH 31, 1977 DEADLINE. COMPANY REPORTS GOI REFUSED TO EXTEND EXTRA TIME BUT IMPLIED IT WOULD LOOK FAVORABLY ON TREND'S "GOOD FAITH" EFFORTS TO MEET DEADLINE AS POSSIBLE EXTENUATING CIRCUMSTANCE. TREND ANTICIPATES HAVING TO GO INTO MONEY MARKET AT END OF YEAR FOR FINAL PAYMENT LOAN.

3. CASE OF ASAMERA IS SOMEWHAT PUZZLING. COMPANY HAS ONLY ABOUT 13,000 B/D CURRENT PRODUCTION FROM ITS SUMATRAN BLOCK AND WAS NEVER PREVIOUSLY CONSIDERED PART OF GROUP OF MAJOR PRODUCERS (ARCO, UNION, IAPCO, JAPEX, TOTLA AND TREND) WHICH COLLECTIVELY ACCOUNT FOR ABOUT 508,000 B/D. OTHER COMPANIES WITH PRODUCTION SIMILAR TO ASAMERA'S--HUFFCO (13,000 B/D) AND TESORO (15,000 B/D) HAVE NOT BEEN ASKED TO SIGN. ASAMERA, HOWEVER, ERRONEOUSLY RECEIVED LETTER IN LATE JULY WHICH INSTRUCTED THEM TO AGREE TO SAME TERMS AS LARGER PRODUCERS. BY TIME MISTAKE WAS DISCOVERED, ASAMERA HAD SOMEHOW GOT ITS NAME IN PRESS AS ONE OF COMPANIES "REFUSING GOI GUIDELINES AND MATTER QUICKLY BECAME POLITICIZED. GOI APPARENTLY DID NOT WISH TO BACK OFF AND LOSE FACE, SO THEY INSTRUCTED ASAMERA TO PAY ON CONFIDENTIAL

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BASIS NEW TERMS. ACCORDING TO VISITING ASAMERA EX-EXECUTIVE, THIS WILL AMOUNT TO ABOUT \$7.6 MILLION.

4. DISCUSSIONS WILL NOW BE SUSPENDED UNTIL OCTOBER. AT THIS TIME, GOI AND ALL PRODUCTION-SHARING COMPANIES WILL REDRAFT AGREEMENTS TO INCLUDE NEW TERMS AND TO CONFORM WITH RECENT IRS RULINGS.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
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**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
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**Disposition Remarks:**  
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